

BYLAWS
OF
SPYGLASS ESTATES HOMEOWNERS ASSOCIATION NO. 1, INC.

ARTICLE 1

DEFINITIONS

SECTION 1.

"Common Areas" means all the general common areas as described and defined in the Declaration of Covenants, Conditions and Restrictions of Spyglass Estates.

SECTION 2.

"Declaration" means that certain Declaration of Covenants, Conditions and Restrictions recorded on February 28, 1986 at Instrument No. 86-098104, Official Records of Maricopa County, Arizona, which affects the Project described below.

SECTION 3.

"Developer" means Declarant or any successor to all or substantially all of the interest of the Declarant, its successors in interest and assigns, which is the Declarant under the Declaration of Covenants, Conditions and Restrictions of Spyglass Estates.

SECTION 4.

"Member" means any person, corporation, partnership, joint venture or other legal entity which is a member of the Spyglass Estates Homeowners Association No. 1, Inc., and is synonymous with Owner.

SECTION 5.

"Owner" is synonymous with co-owner and means a person, corporation, partnership or other legal entity capable of holding or owning an interest in real property who owns all or an interest in a Lot as described in the Declaration of Covenants, Conditions and Restrictions of Spyglass Estates.

SECTION 6.

"Lot" means and is synonymous with apartment as defined in the Declaration of Covenants, Conditions and Restrictions of Spyglass Estates.

ARTICLE 2

FUNCTIONS OF THE HOMEOWNERS ASSOCIATION

SECTION 1.

The Association is to act as a "management body" for the preservation, maintenance, architectural control and improvement of the Common Area which is included in Tracts A and B of Spyglass Estates, in Mesa, Arizona. The Association is subject to the limitations, covenants, conditions, restrictions, terms and provisions of the Declaration.

SECTION 2.

Pursuant to the provisions of the Declaration, it shall be the duty of the Board of Directors acting on behalf of the Association, to fix, alter, collect and enforce assessments upon Owners. Each Owner shall be liable to the Association for the assessment levied upon such Owner's Lot(s) under the provisions of the Declaration.

SECTION 3.

The Board of Directors shall have the power to exercise any right, power or purpose set forth expressly or by reasonable implication in the Declaration, the Articles of Incorporation or these Bylaws.

ARTICLE 3

MEMBERS' MEETINGS

SECTION 1.

The first annual meeting of the Members shall be held within six (6) months following the sale and conveyance by Developer of the first Unit to a purchaser other than Developer. Notice of such meeting shall be given as herein set forth.

Subsequent annual meetings of the Members shall be held on the annual anniversaries of the first annual meeting of Members.

If any annual meeting of the Members shall fall upon a Sunday or bank holiday, the same shall, instead, be held on the next following business day.

SECTION 2.

Special meetings of the Members (i) may be called by the President and (ii) shall be called by the President upon written demand therefor signed by Members constituting at least twenty-five (25%) of the membership and delivered to the President at least twenty (20) days prior to the date specified in the request for such special meeting. No special meeting of the Members shall be called for a Sunday or a holiday.

Service of said demand shall be complete upon personal delivery thereof or forty-eight (48) hours after deposit thereof in the United States mail, postage prepaid, addressed to the President at his last known residence address.

SECTION 3.

Written notice of each annual and special meeting shall be served on a Member not less than ten (10) days, nor more than fifty (50) days prior to such meeting. Service of said notice may be either personally or by United States mail, postage prepaid, addressed to each Record Date Member (described below) as his address appears on the books of the Association.

Such notice shall specify a reasonable time, date and place in Maricopa County, Arizona, for such meeting and, in the case of a special meeting, the general nature of the business to be transacted.

"Record Date Members" shall be, with respect to any meeting, those persons who, as of 5:00 p.m. of the twentieth (20th) day prior to such meeting, are Members. If at a meeting adjournment is taken, the Record Date Members for the adjourned meeting shall be the same as those for the meeting at which the adjournment was taken, unless the adjournment or adjournments exceed 30 days in the aggregate.

SECTION 4.

The presence in person or by proxy of a majority of the Record Date Members shall constitute a quorum for the transacting of business. If any meeting cannot be held because a quorum is not present, the Record Date Members present either in person or by proxy may adjourn said meeting to a time not less than forty-eight (48) hours, nor more than thirty (30) days from the time

the original meeting was called; at said subsequent adjourned meeting one-third (1/3) of those members entitled to vote at the meeting who are present in person or by proxy shall constitute a quorum for the transaction of business. Notice of the reconvened meeting need not be given if the time and place are announced at the meeting which was adjourned.

SECTION 5.

When a meeting of the Members is adjourned for thirty (30) days or more, written notice of the adjourned meeting shall be given as in the case of any original meeting.

ARTICLE 4

VOTING RIGHTS

SECTION 1.

Only Record Date Members shall be entitled to vote upon any question before the membership or to authorize action.

SECTION 2.

On all matters a Member shall have one vote for each Unit owned and the majority of votes cast, except for election and removal of directors, shall determine the issue. Each Member entitled to vote shall have the right, in the election of Directors, to cumulate his votes.

If more than one legal person constitutes a Member, a vote(s) cast in person or by proxy will be ignored (except for the purpose of establishing a quorum) unless those persons attempting to vote declare to the same effect on the issue being voted upon.

SECTION 3.

Every member entitled to vote or to authorize action may do so either in person or by written proxy filed with the Secretary. Every proxy shall be revocable. A proxy shall automatically cease upon conveyance by the Member of his Lot.

ARTICLE 5

ASSESSMENTS

SECTION 1.

As more fully provided in the Declaration, each member is obligated to pay to the Association assessments which are

secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest at the rate of fifteen percent (15%) per annum, and the Association may bring any action at law against the Owner personally obligated to pay the same or foreclose the lien against the property; interest, costs and reasonable attorneys' fees of any such action or in contemplation of such action shall be added to the amount of such assessment.

SECTION 2.

The Board of Directors, prior to or concurrently with the conveyance of the first Lot to an Owner, shall establish monthly assessments to be in effect through the calendar month in which the first annual meeting of the Members is held. Such assessments shall be established by the Board of Directors and shall be made by the Association in an amount sufficient to meet the estimates of management expenses, operating expenses, maintenance expenses, and all other expenses of the Association. Such monthly assessments may be changed from time to time by the Board of Directors with respect to each month through the month in which the first annual meeting of the Members is held so as to reflect the actual expenses of the Association for such period. Such monthly assessments may be imposed in an amount less than that required to meet all of the expenses of the Association provided that Developer agrees to meet any deficit in expenses otherwise payable by the Association for the period ending at the close of the month in which the first annual meeting of the Members is held.

SECTION 3.

Subsequent to the first annual meeting of the Members, monthly assessments shall be made by the Association in an amount sufficient to meet the Association's estimate of expenses set forth in an operating budget for each fiscal year which shall set forth the anticipated income of the Association and which shall include separate estimates for administrative expenses, operating expenses, maintenance expenses, utilities, hazard insurance, replacement reserve and operating reserves. Such assessments shall be established by the Board of Directors for the balance of the fiscal year in which the first annual meeting of the Members takes place immediately upon the first organizational meeting, and thereafter not less than thirty (30) days prior to the commencement of each fiscal year.

ARTICLE 6

BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

SECTION 1.

Subject to the limitations of the Articles of Incorporation, of these Bylaws and of the laws of the State of Arizona as to action to be authorized or approved by the Members, all Association powers shall be exercised by or under authority of, and the business and affairs of the Association shall be controlled by, a Board of Directors who must be Members of the Association, and such Board shall have authority to delegate its duties.

SECTION 2.

The authorized number of Directors of the Association shall be four (4) until changed by amendment to the Articles of Incorporation or by an amendment to this Section 2, Article 6 of these Bylaws, adopted by the vote or written assent of a majority of the Members of the Association.

SECTION 3.

At the first annual meeting, the Members shall elect four (4) Directors for a term of one year; at each annual meeting thereafter, the Members shall elect not less than four (4) Directors. The initial Directors named in the Articles of Incorporation, and any replacements therefor, shall serve as Directors until the first annual meeting of the Members.

SECTION 4.

Nominations for election of the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a Member of the Association, and any two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members and the Members thereon shall serve from the close of such annual meeting until the close of the next following annual meeting and such appointment(s) shall be announced at each annual meeting. The Nominating Committee shall make as many nominations as it shall, in its discretion, determine, but such nominations shall be not less than the number of vacancies that are to be filled. Such nominations must be made from among the Members of the Association.

SECTION 5.

The entire Board of Directors or any individual Director may be removed from office by a vote of Members holding a majority of the voting power entitled to vote in the election of Directors. However, unless the entire Board is removed, an individual Director shall not be removed if the number of votes against the resolution for his removal exceeds the quotient arrived at when the total number of votes entitled to vote is divided by one (1) plus the authorized number of Directors. If any or all Directors are so removed, new Directors may be elected at the same meeting.

SECTION 6.

Vacancies in the Board of Directors may be filled by a majority of the remaining Directors, though less than a quorum, or by a sole remaining Director, and each Director so elected shall hold office until his successor is elected at an annual meeting of Members or at a special meeting called for that purpose.

The Members may at any time elect a Director to fill any vacancy not filled by the Directors, and may elect the additional Directors at the meeting at which an amendment of these Bylaws is voted authorizing an increase in the number of Directors.

A vacancy or vacancies shall be deemed to exist in case of the death, resignation or removal of any Director, or if the Members shall increase the authorized number of Directors but shall fail at the meeting at which such increase is authorized, or at an adjournment thereof, to elect the additional Director(s) so provided for, or in case the Members fail at any time to elect the full number of authorized Directors.

If the Board of Directors accepts the resignation of a Director tendered to take effect at a future time, the Board, or the Members, shall have power to elect a successor to take office when the resignation shall become effective.

No reduction of the number of Directors shall have the effect of removing any Director prior to the expiration of his term in office.

SECTION 7.

No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

SECTION 8.

Other provisions herein notwithstanding, until management and control of the Association of is transferred from the Developer, Directors and Members of the Nominating Committee do not need to be members of the Association.

ARTICLE 7

BOARD OF DIRECTORS; MEETINGS

SECTION 1.

Meetings of the Board of Directors shall be held at the office of the Association, as designated for that purpose from time to time, by resolution of the Board or written consent of all of the members of the Board. Any meeting shall be valid, wherever held, if held by the written consent of all members of the Board, given either before or after the meeting and filed with the Secretary of the Association.

SECTION 2.

The organizational meetings of the Board shall be held immediately following the adjournment of the annual meetings of the Members.

SECTION 3.

Regular meetings of the Board of Directors shall be held at such time and place as may be agreed upon from time to time by the Board. If said day shall fall upon a holiday, such meetings shall be held on the next succeeding business day thereafter. No notice need be given of such regular meetings, except that a written notice shall be given to each Director of the resolution establishing a regular meeting date, which notice shall set forth the date of the month, the time and the place of the regular meeting.

SECTION 4.

Special meetings of the Board of Directors for any purpose or purposes shall be called at any time by the President or, if he is absent or unable or refuses to act, by any Vice President or by any two Directors.

Written notices of the time and place of special meetings shall be delivered personally to the Directors or sent to each Director by letter or by telegram, charges prepaid,

addressed to him at his address as it is shown upon the records of the Association, or if it is not shown on such records or is not readily ascertainable, at the place at which the meetings of the Directors are regularly held. In case such notice is mailed or telegraphed, it shall be deposited in the United States mail or delivered to the telegraph company or the place in which the principal office of the Association is located at least forty-eight (48) hours prior to the time of the holding of the meeting. In case such notice is delivered as provided above, it shall be so delivered at least twenty-four (24) hours prior to the time of the holding of the meeting. Such mailing, telegraphing or delivery as above provided shall be due, legal and personal notice to such Director.

SECTION 5.

When all of the Directors are present at any Directors' meeting, however called or noticed, and sign a written consent thereto on the records of such meeting, or, if a majority of the Directors is present, and if those not present sign in writing a waiver of notice of such meeting, which waiver shall be filed with the Secretary of the Association, the transactions thereof are as valid as if a meeting had been regularly called and noticed.

SECTION 6.

Notice of the time and place of holding an adjourned meeting need not be given to absent Directors if the time and place be fixed at the meeting adjourned.

SECTION 7.

A majority of the number of Directors as fixed by the Articles of Incorporation or by these Bylaws shall be necessary to constitute a quorum for the transacting of business, and the action of a majority of the Directors present at any meeting at which there is a quorum, when duly assembled, is valid as a corporate act; provided that a majority of the Directors, in the absence of a quorum, may adjourn from time to time, but may not transact any business.

SECTION 8.

Any action required or permitted to be taken by the Board of Directors may be taken without a meeting if all of the members of the Board shall individually or collectively consent in writing to such action. Such written consent shall be filed with the Minutes of the proceedings of the Board. Such action by written consent shall have the same force and effect as the unanimous vote of such Directors.

ARTICLE 8

BOARD OF DIRECTORS; POWERS AND DUTIES

SECTION 1.

The Board of Directors shall have the power to:

(a) Adopt and publish rules and regulations governing (i) the use of the Common Area and facilities and (ii) the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

(b) Suspend the voting rights and the right to use of the Common Area of a Member during any period in which such Member shall be in default in payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed thirty (30) days, for infraction of published rules and regulations;

(c) Exercise for the Association all powers, duties and authorities vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation or the Declaration;

(d) Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

(e) Employ a manager, an independent contractor or such other employee(s) as they deem necessary and to prescribe their duties.

SECTION 2.

It shall be the duty of the Board of Directors to:

(a) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Members who are entitled to vote;

(b) Supervise all officers, agents and employees of this Council and to see that their duties are properly performed;

(c) Establish the annual assessment period and fix the amount of the annual assessment against each Member for each Unit owned at least thirty (30) days in advance of each annual assessment period;

(d) Send written notice of each assessment to every Owner at least thirty (30) days in advance of each annual assessment period;

(e) Foreclose the lien against any property for which assessments are not paid within thirty (30) days after the due date thereof or to bring an action at law against the Owner personally obligated to pay same;

(f) Issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If the certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(g) Procure and maintain adequate fire, liability and other hazard insurance with respect to the property and cause that portion of each assessment attributable to such insurance to be placed in a separate bank account to be used for the premium payments thereof;

(h) Cause all officers and employees having fiscal responsibilities to be bonded as it may deem appropriate;

(i) To pay taxes which would be a lien upon the entire property or the Common Area and to pay and discharge any lien or encumbrance levied against the entire property or the Common area;

(j) Cause the Common Area to be maintained; and

(k) To enforce the Declaration.

ARTICLE 9

OFFICERS

SECTION 1.

The officers of the Association shall be a President, Vice President, Secretary and Treasurer. The Association may also have, at the discretion of the Board of Directors, one or more additional Vice Presidents, one or more Assistant Secretaries, one or more Assistant Treasurers, and such other officers as may be appointed in accordance with the provisions of Section 3 of this Article. One person may hold two or more offices, except those of President and Secretary.

SECTION 2.

The officers of the Association, except such officers as may be appointed in accordance with the provisions of Section 3 of this Article, shall be chosen annually by the Board of Directors, and each shall hold his office until he shall resign or shall be removed or otherwise disqualified to serve, or his successor shall be elected and qualified.

SECTION 3.

The Board of Directors may appoint such other officers as the business of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in these Bylaws or as the Board of Directors may from time to time determine.

SECTION 4.

Any officer may be removed, either with or without cause, by a majority of the Directors at the time in office, at any regular or special meeting of the Board, or, except in the case of an officer chosen by the Board of Directors, by any officer upon whom such power of removal may be conferred by the Board of Directors.

Any officer may resign at any time by giving written notice to the Board of Directors or to the President or Secretary of the Association. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 5.

A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these Bylaws for regular appointments to such office.

SECTION 6.

The President shall be the chief executive officer of the Association and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and affairs of the Association. He shall preside at all meetings of the Members and at all meetings of the Board of Directors. He shall be ex-officio a member of all of the

standing committees and shall have the general powers and duties of management usually vested in the office of president of a corporation and shall have such other powers and duties as may be prescribed by the Board of Directors or these Bylaws. He shall sign all leases, mortgages, deeds of trust and other instruments and shall co-sign all checks and promissory notes.

SECTION 7.

In the absence or disability of the President, the Vice Presidents in order of their rank as fixed by the Board of Directors, or if not ranked, the Vice President designated by the Board of Directors, shall perform all the duties of the President, and when so acting shall have all the powers of, and be subject to, all the restrictions upon the President. The Vice Presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them, respectively, by the Board of Directors or these Bylaws.

SECTION 8.

The Secretary shall keep, or cause to be kept, a book of Minutes at the principal office or such other place as the Board of Directors may order, of all meetings of Directors and Members, with the time and place of holding, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present at Directors' meetings, the number of Members present or represented at Members' meetings and the proceedings thereof.

The Secretary shall give, or cause to be given, notice of all the meetings of the Members and of the Board of Directors required by these Bylaws or by law to be given, and he shall keep the seal of the Association in safe custody and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or these Bylaws.

SECTION 9.

The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts, disbursements, gains, losses and surplus. The books of account shall at all reasonable times be open to inspection by any Director.

The Treasurer shall deposit all moneys and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board of Directors.

He shall disburse the funds of the Association as may be ordered by the Board of Directors, shall render to the President and Directors, whenever they request it, an account of all of his transactions as Treasurer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or these Bylaws.

ARTICLE 10

COMMITTEES

SECTION 1.

The Board of Directors shall appoint a Nominating Committee and may appoint such other committees as may be necessary from time to time, consisting of such number of the Members and with such powers as it may designate, consistent with the Articles of Incorporation and these Bylaws and such committees shall hold office at the pleasure of the Board.

ARTICLE 11

CORPORATE RECORDS AND REPORTS - INSPECTION

SECTION 1.

The Association shall maintain adequate and correct accounts, books and records of its business and properties. All such books, records and accounts shall be kept at its principal place of business in the State of Arizona, as fixed by the Board of Directors from time to time, except that until management and control of the Association is transferred from the Developer, such books, records and accounts may be maintained at Developer's principal place of business, and upon the written request of any Member, shall be made available for inspection on the premises of, Developer at 7600 North 16th Street, Suite 145, Phoenix, Arizona 85020.

SECTION 2.

The Member register, the books of account and minutes of proceedings of the Members and the Board of Directors and of executive committees of the Directors of the Association shall be open to inspection upon the written demand of any Member. The books will be made available within ten (10) days of the written request for a purpose reasonably related to his interests as a Member. These books shall be exhibited at any time when required by the demand at any Members' meeting of ten percent (10%) of the Members represented at the meeting.

Demand of inspection other than at a Members' meeting shall be made in writing upon the President, Secretary or Assistant Secretary of the Association.

SECTION 3.

The original or a copy of these Bylaws, as amended or otherwise altered to date, certified by the Secretary, shall be open to inspection by the Members at the Association's principal offices at all reasonable times during office hours.

SECTION 4.

All checks, drafts and other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the Association, shall be signed or endorsed by such person or persons and in such manner as shall be determined from time to time by resolution of the Board of Directors.

SECTION 5.

The Board of Directors, except as these Bylaws otherwise provide, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Association. Such authority may be general or confined to specific instances. Unless so authorized by the Board of Directors, no officer, agent or employee shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit or to render it liable for any purpose or to any amount.

SECTION 6.

The Board of Directors shall cause an annual report to be sent to the Members not later than sixty (60) days after the close of the fiscal year.

The annual report may include, but not be limited to, an independent examination or audit of the account(s) of the Association. The financial statement shall be prepared according to generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ARTICLE 12

INSURANCE

SECTION 1.

The Association shall obtain and continue in effect blanket replacement cost property insurance on the Common Areas

in form and amounts satisfactory to mortgagees holding first mortgages or first deeds of trust encumbering Lots, but without prejudice to the right of any Owner of a Lot to obtain individual property insurance. The insurance premiums for any blanket insurance coverage shall be a common expense to be paid by monthly assessments levied by the Association on Owners; that portion of each monthly assessment attributable to insurance premiums shall be held in a separate escrow account of the Association and used solely for payment of such blanket property insurance premiums as they become due.

The Association shall also maintain insurance on all personalty owned by the Association with coverage in the fair market value of such personalty.

ARTICLE 13

CORPORATE SEAL

SECTION 1.

The corporate seal shall be circular in form and shall have inscribed thereon the name of the Association, the date of its incorporation and the word "Arizona."

ARTICLE 14

FISCAL YEAR

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of recordation of the Articles.

ARTICLE 15

MORTGAGES AND DEEDS OF TRUST

SECTION 1.

It shall be the duty of each Owner whose Unit is encumbered by a first mortgage or deed of trust to notify the Association through its Secretary of the name and address of such mortgagee or beneficiary, and the Association shall maintain a record of such encumbrances. The Owner shall likewise notify the Association as to the release or discharge of any such mortgage.

SECTION 2.

The Association shall at the request of a mortgagee or beneficiary of a deed of trust upon a Unit report any unpaid

assessments due from the Owner of the Unit, which assessments are more than sixty (60) days delinquent.

ARTICLE 16

AMENDMENTS TO BYLAWS

SECTION 1.

New Bylaws may be adopted or these Bylaws may be repealed or amended at the annual meeting, or at any other meeting of the Members called for that purpose, by a vote of a majority of the quorum of Members present in person or by proxy, except that any such amendment shall be subject to the provisions of Section 2 hereof.

SECTION 2.

Whenever an amendment or new Bylaw is adopted, it shall be copied in the book of Bylaws with the original Bylaws, in the appropriate place. If any Bylaw is repealed, the fact of repeal with the date of the meeting at which the repeal was enacted or written assent was filed shall be stated in said book.

CERTIFICATE OF SECRETARY

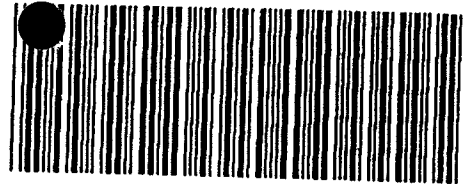
I, the undersigned, do hereby certify:

1. That I am the duly elected and acting Secretary of Spyglass Estates Homeowners Association No. 1, Inc., an Arizona corporation; and

2. That the foregoing Bylaws, comprising 17 pages, constitute the Bylaws of said corporation as duly adopted at a meeting of the Board of Directors held on the _____ day of _____, 19____.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of the corporation this _____ day of _____, 19____.

, Secretary



OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL

97-0385631 06/09/97 10:49

MESA2 1 OF 2

When recorded, return to:
Spyglass Estates Homeowners Association No. 1
C/O Curtis Management
1855 E. Southern #202
Mesa, AZ 85204

AMENDMENT TO THE BYLAWS OF SPYGLASS ESTATES

THIS AMENDMENT TO THE BYLAWS OF SPYGLASS ESTATES recorded with the Covenants, Conditions and Restrictions, at Document No. 86-098104 and Book 289 of Maps, page 17, Official Records of Maricopa County, Arizona (the "Declaration") is made this 15th day of May, 1997, by SPYGLASS ESTATES HOMEOWNERS ASSOCIATION NO. 1, an Arizona non-profit corporation (the "Association").

WHEREAS, Article 16, Section 1 of the Bylaws provides for amendment of the Bylaws by an affirmative vote of a majority of the quorum of members present in person or by proxy; and

WHEREAS, by Consent to Actions at the Annual Meeting of Members of Spyclass Estates Homeowners Association No. 1, Inc., dated April 24, 1997, a majority of the Association approved the amendments set forth herein;

NOW, THEREFORE, the Bylaws are hereby amended as follows:

1. Change Article 6, Section 2 to read:

Section 2

The authorized number of Directors of the Association shall be five (5) until changed by amendment to the Articles of Incorporation or by amendment to this Section 2, Article 6 of these Bylaws, adopted by vote or written assent of a majority of the Members of the Association.

2. Change Article 6, Section 3 to read:

Section 3

The term of office for a Director shall be no more than two (2) years. Directors shall have staggered terms of office so that one-half (1/2) the members shall have their term in office expire each year. At each annual meeting, members

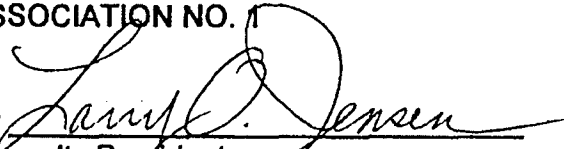
shall elect not less than two (2) directors; the number of directors elected and their term of office may be varied so as to provide/establish staggered terms for the existing Board of Directors.

In the event of any conflict between the provisions of the Bylaws and this Amendment, the Articles of Incorporation, Covenants, Conditions and Restrictions, or rules and regulations of Spyglass Estates Homeowners Association No. 1, Inc., an Arizona Corporation, this Amendment shall control.

All other provisions of the Bylaws shall remain in full force and effect without amendment.

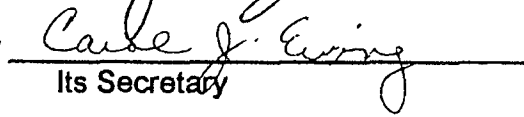
SPYGLASS ESTATES HOMEOWNERS
ASSOCIATION NO. 1

By



Its President

By



Its Secretary

AMENDMENT OF THE BYLAWS
OF
SPYGLASS ESTATES HOMEOWNERS ASSOCIATION No. 1

The following amendments to the Bylaws of the Association were adopted by a majority vote of the membership on September 30, 2005 by mail ballot, and this document shall be included with the existing Bylaws and made a part thereof:

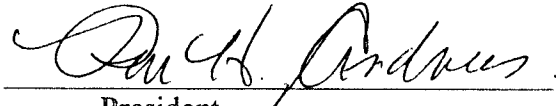
ARTICLE 3 (Members' Meetings), Section 4 is amended by deleting and REPLACING with the following:

SECTION 4. "The presence of 30% of the Record Date Members shall constitute a quorum for the transacting of business, unless otherwise provided in the Declaration."

ARTICLE 7, (Board of Directors; Meetings) is amended by ADDING the following new Section 9:

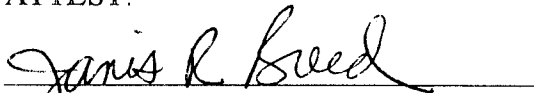
SECTION 9. "Directors may vote at Board meetings in person or by proxy. The proxy form must be signed and is effective when received by the secretary, and is valid for no more than one month unless a different time period is specified. The proxy is revocable by the director."

ADOPTED EFFECTIVE the 30th day of September, 2005.



President

ATTEST:



Secretary